

<https://www.wealthmanagement.com/technology/fidelity-crypto-wealth-managers-coming-within-months-company-confirms>



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## TECHNOLOGY

### **Fidelity 'Crypto for Wealth Managers' Coming Within Months, Company Confirms**

**Digital asset custody and trading services from Fidelity Digital Assets will be accessible within Wealthscape.**

Rob Burgess | Jun 23, 2023

Fidelity will soon integrate crypto trading and reporting into its advisor workstation.

The RIA custodian will offer some advisors access to the new Fidelity "Crypto for Wealth Managers" by the end of the year, a company spokesperson has confirmed.

Built on its digital asset custody and trading services—the existing Fidelity Digital Assets division—Fidelity Crypto for Wealth Managers will sit within Wealthscape, Fidelity's advisor workstation, to provide advisors "a streamlined experience" when accessing and reporting on crypto assets, stated the spokesperson in response to a written request. This would make Fidelity the first of the large advisor custodians to bring crypto assets into its native platform for advisors.

There has been no official announcement for the rollout yet. Tyrone Ross, CEO and founder of Turnqey Labs, noted the development on Saturday on Twitter. Ross confirmed the information he posted to Twitter, highlighting the service, was from a brochure he had obtained.

"The funny thing about it is it's really not even an announcement," said Ross. "It's just out. And that's the beauty of being Fidelity. You don't even have to announce stuff."

When asked directly for the full presentation, the Fidelity spokesperson said they were "unable to share confidential documents." It is possible Fidelity may tweak the service, or even the name, prior to a wider public launch.

According to the slide available, Fidelity Crypto for Wealth Managers will provide digital asset custody and execution services to advisors through Fidelity Digital Services, a division of the company that started as a project studying blockchain applications inside the Fidelity Center for Applied Technology in 2013. That division launched in 2018 to bring institutional-level custody and trading of digital assets like bitcoin to hedge funds, family offices and other "market intermediaries."

With Fidelity Crypto for Wealth Managers, crypto trading and execution and reporting will be accessible directly through the advisor workstation, Wealthscape.

That includes, according to the internal presentation, offline cold-vault storage, smart order-routing for best execution, real-time trade settlements and "immediate access to client funds." The presentation also promises 20-hour-a-day, seven-days-a-week trading windows, no account minimums and "integrated cross asset-class reporting with third party data vendors," presumably meaning a client's crypto holdings will be integrated into broader client portfolio and performance reports without extra work or different platforms for the advisor.

Wally Okby, strategic advisor for wealth management for Datos Insights (the recently rebranded Aite-Novarica Group), agreed this was "a big deal" and said Fidelity has been one of the most progressive firms when it comes to offering digital assets to retail customers, so the leap to the advisor channel was never far behind.

"They've been at it for a long time and they've kind of tweaked and adjusted their offering to make it easier for traditional financial institutions to offer digital assets to their clients," said Okby.

In April 2022, Fidelity announced that advisors could soon see digital assets, including cryptocurrencies, or at least bitcoin, available in workplace retirement accounts.

The Fidelity Crypto for Wealth Managers service also promises "multi-venue liquidity from within a single platform."

It's unclear what venues the service will access for liquidity, yet one may be EDX Markets, in which Fidelity itself has an investment, alongside rival brokerage firm and RIA custodian Charles Schwab Corp., Citadel and others: Earlier this week, EDX Markets launched as a crypto exchange for the institutional market to facilitate trades in bitcoin, ethereum, litecoin and bitcoin cash. Unlike other exchanges, EDX Markets will rely on an unnamed third-party custodian to hold the assets, according to reports.

Fidelity's moves come amid a gathering storm in the cryptocurrency world that was caused in large measure by the Securities and Exchange Commission's crackdown in the space.

Beyond the well-known recent failure of crypto exchange FTX, earlier this month the SEC accused Coinbase Global of running an illegal exchange. Just days before, the SEC alleged Binance, the world's largest cryptocurrency platform, and its chief executive, Changpeng Zhao, had mishandled customer funds, misled investors and regulators, and broken securities rules. SEC Chief Gary Gensler has repeatedly faulted crypto firms for failing to separate custody, market-making and trading functions, opening the door to conflicts of interest.

"The signal I get from folks internally is they're not really moved by the news. They are the news," said Ross. "It was on their roadmap, it seems, and it just happened to align with everything that's going on with the SEC. But, they're not really impacted by that at all because they're Fidelity. They're a regulated entity. They're not dabbling in all the goofy, crazy coins. They're keeping it very simple. So, smart by them."

William Trout, director of wealth management for Javelin Strategy & Research, said this latest Fidelity Crypto for Wealth Managers move was important due to the "momentum in terms of interest in crypto in the wake of the 'crypto winter.'"

"For an institution like Fidelity that has a very sharp eye on the needs of the retail investor, they are also very astute to sort out the broader landscape including regulatory considerations and it seems regardless of how the SEC proceeds," said Trout.

There is a push to view crypto as an asset class like any other, said Trout. "This platform rollout essentially enables that ... regularization of cryptocurrency management for the advisor," he said.